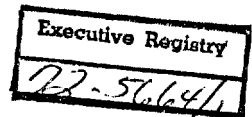
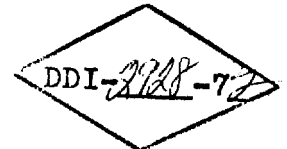


CONFIDENTIAL



26 October 1972



MEMORANDUM FOR THE RECORD

SUBJECT: Washington Post Article of 21 October 1972 on Soviet
Wheat Purchases

1. Pursuant to a discussion with the Director and the DD/I, I called Mr. John Whitaker and informed him of the facts contained in the DD/I's memorandum of 24 October (attached), specifically our one contact with Mr. Sosland, and I essentially read off the material in paragraph 4. Mr. Whitaker commented that the account indicated that we were not really ahead of Agriculture's knowledge of the situation at any one point during the development of the matter. He said he had spoken to Assistant Attorney General Henry Petersen, who is conducting an investigation, and had left him my name with the belief that we may well not have had contact with Mr. Sosland. He stated he would inform Mr. Petersen that we did have the one contact mentioned. He asked whether we would be following up to try to identify Mr. Sosland's source, and I said that I doubted it because I did not think this would be in our field. He agreed, stating he thought this would be a matter for the FBI if it turned out to be an unhappy Agriculture employee trying to affect the market.

2. I asked Mr. Whitaker whether that solved his problem, and he said he could not think of anything else to ask. I assured him he could call me if he needed anything more.

WEC

W. E. Colby
Executive Director-Comptroller

Attachment

WEC:blp

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Informant Told of Soviet Wheat Sale

By Nick Kotz

Washington Post Staff Writer

A remarkable "spy" story reveals that an immensely well-informed man repeatedly and persistently tried for almost a month last summer to get the word out to the American public about the huge sale of wheat to the Soviet Union.

The informant, whose identity is still a mystery, knew exactly how much wheat the Russians had bought. Beyond that, he provided detailed accounts of the movements of the Russian grain buyers in the United States. He knew which grain company officials they spoke with and the Soviets' impressions of the various traders.

The informant was reporting all this at a time that the United States government claims it was unaware of the scale of the Soviet wheat purchases.

The informant or spy provided his information in a steady stream of telephone calls to Morton Sosland, editor of the Milling and Baking News, a Kansas City, Mo., publication that is followed closely by everyone in the wheat business. The informant first claimed to be employed by the London Financial Times, but, it later turned out, also was acting as a tipster to the Times.

Sosland described his telephone conversations with Mr. X in a recent issue of his trade publication. The in-

formant's identity and his motives can be accounted by by any number of theories. The Central Intelligence Agency and Federal Bureau of Investigation both have questioned Sosland about his source of information.

Rep. Roman C. Pucinski (D-Ill.), for one, says the calls probably were placed by an Agriculture Department employee who had access to CIA reports on the grain situation in the Soviet Union. Pucinski told the Associated Press that the CIA furnished the department with a detailed account of Soviet crop failures that led to the giant grain sale. But the department never released the report, Pucinski claimed, citing sources he said were reliable.

Sosland himself thinks the mysterious caller was a Russian, although he had a British accent. The trade publication editor says the man continually addressed him in full as "Mr. Morton Sosland" — a habit much closer to Russian than to English or American speech patterns.

"I could be wrong," Pucinski told United Press International in a telephone interview from Chicago. "But I lean to the belief those calls (to the trade publication) came from an honest, decent, loyal career government employee" trying to prevent grain exporters from earning windfall profits at the expense of growers who didn't know the scale of the Soviet purchase.

Asked what he thought of that theory, UPI reported, Agriculture Secretary Earl L. Butz replied: "You want my comment? My reply is nuts. You want me to amplify that? My amplification is nuts."

Aside from being a good yarn, Sosland's account of his mysterious caller brings

home a number of points about who knew what when in the largest grain sale in history.

Administration statements have maintained, for example, that the agricultural trade press was reporting developments of the wheat sale at an early date. In fact, however, wouldn't have reported anything about the sale if Sosland hadn't finally started placing some credence in his caller's information.

Sosland, along with other reporters, had relied on repeated Nixon administration statements that the Soviets planned to use credit from their July 8 agreement to buy feed grains, not wheat.

In fact, the Soviets bought 287 million bushels of wheat on July 5, 10, and 11. The caller accurately informed Sosland of this purchase on July 17. Sosland checked his sources in the grain trade who vigorously denied knowledge of such sales. He spoke to the companies which made the sales—including Continental Grain Co., which alone sold 183 million bushels.

Sosland printed on July 18 a "guess" that the Soviets might have bought 100 million bushels, about one-third of the actual purchases by that date.

Sosland's informer again tipped him off when the Soviets bought more wheat in late July and the first two days in August.

On Aug. 8, Sosland printed what he considers "a big scoop." He said the Russians had bought 400 million bushels of wheat.

His scoop was instrumental in bringing to public attention the scope of the Russian wheat purchase, but it came about a month after the bulk of the purchase had been made.

The Washington Post
21 October 1972